

SUCCESS STORIES

FISCAL AND BUDGET TRANSPARENCY

HISTORY OF DISCUSSIONS

The topic of 'fiscal transparency and accountability' was first chosen as a priority in 2013 by the PEMPAL Executive, which is represented by senior government levels from 16 of the 21 member countries in the three thematic COPs of budget, treasury and internal audit. The topic was chosen due to its relevance to central finance agencies and its potential to improve governance. A major meeting of all COPs was held in Moscow, Russia on 27-29 May 2014, attended by 179 people from 18 PEMPAL member countries.

PEMPAL member countries have gained advice from World Bank, IMF, OECD, IBP and GIFT.

The key objective of the 2014 Moscow meeting was to share information about the concepts and tools of fiscal transparency and accountability and how these can be applied from a central government finance agency perspective. Different international organizations gave presentations including the IMF, the OECD, the International Budget Partnership (IBP), and the Global Initiative for Fiscal Transparency (GIFT). The IMF presented its new fiscal transparency code and the OECD presented its draft principles for budgetary governance. In addition the IBP examined global performance of PEMPAL countries and GIFT presented its ten high level principles on fiscal transparency, participation, and accountability. Good practices from countries within and outside the PEMPAL region were showcased, including the Russian Federation, Turkey, Mexico and South Africa. A panel of Secretary-Generals from Albania, Kyrgyz Republic, and Bulgaria discussed the important roles played by financial reporting and internal and external audit in their countries. At the time most PEMPAL countries planned to ensure higher accessibility and transparency of budget information in the future. Some improvements had already been achieved through: IT and FMIS reforms;

aligning information to international standards; and implementing program budgeting reforms to report on performance and results. However, in light of available diagnostic assessments such as PEFA and the Open Budget Index (OBI), areas that needed strengthening included citizens' budgets, citizens participation in the budget, and management of fiscal risks such as improving coverage of institutions in the budget to SOEs and off-budget funds.

Thus COPs identified a proposed work program under PEMPAL to support members' plans to strengthen fiscal transparency and accountability which are currently under implementation including TCOP to focus on supporting reforms for IPSAS implementation and IT solutions for treasury systems; IACOP to focus on financial management and control and BCOP to focus on citizens budgets and public participation initiatives.

Over two years, country cases of UK, Canada, Croatia, Russian Federation, Romania, Kyrgyz Republic, Turkey, Mexico and South Africa have been examined.

Opening of the 2014 Moscow meeting by the Minister of Finance and the Minister of Open Government of the Russian Federation



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"Given citizens budgets are not common in the region, my group decided to focus on this reform and identify and address challenges together. Such a knowledge product developed by the countries themselves has proven a very valuable approach particularly for those countries who have yet to develop a citizens budget. The IBP and World Bank have also

been closely involved so countries could directly seek advice on how to implement reforms. Further knowledge products are planned to assist countries in reform implementation, particularly in the area of citizen participation in the budget which remains weak in the region."

A Budget Literacy and Transparency Working Group was formed in 2015 to learn from international experience with raising budget literacy among citizens and budget openness and accessibility.¹ So far the work of the group has included documentation of member countries practices and status of reforms through an online survey during 2015. International country case studies have also been

reviewed through completion of a World Bank study which examined 35 case studies in budget literacy education practices from 33 countries. Approaches of engaging citizens by Canada, UK, Russian Federation and Croatia were also examined in more depth.

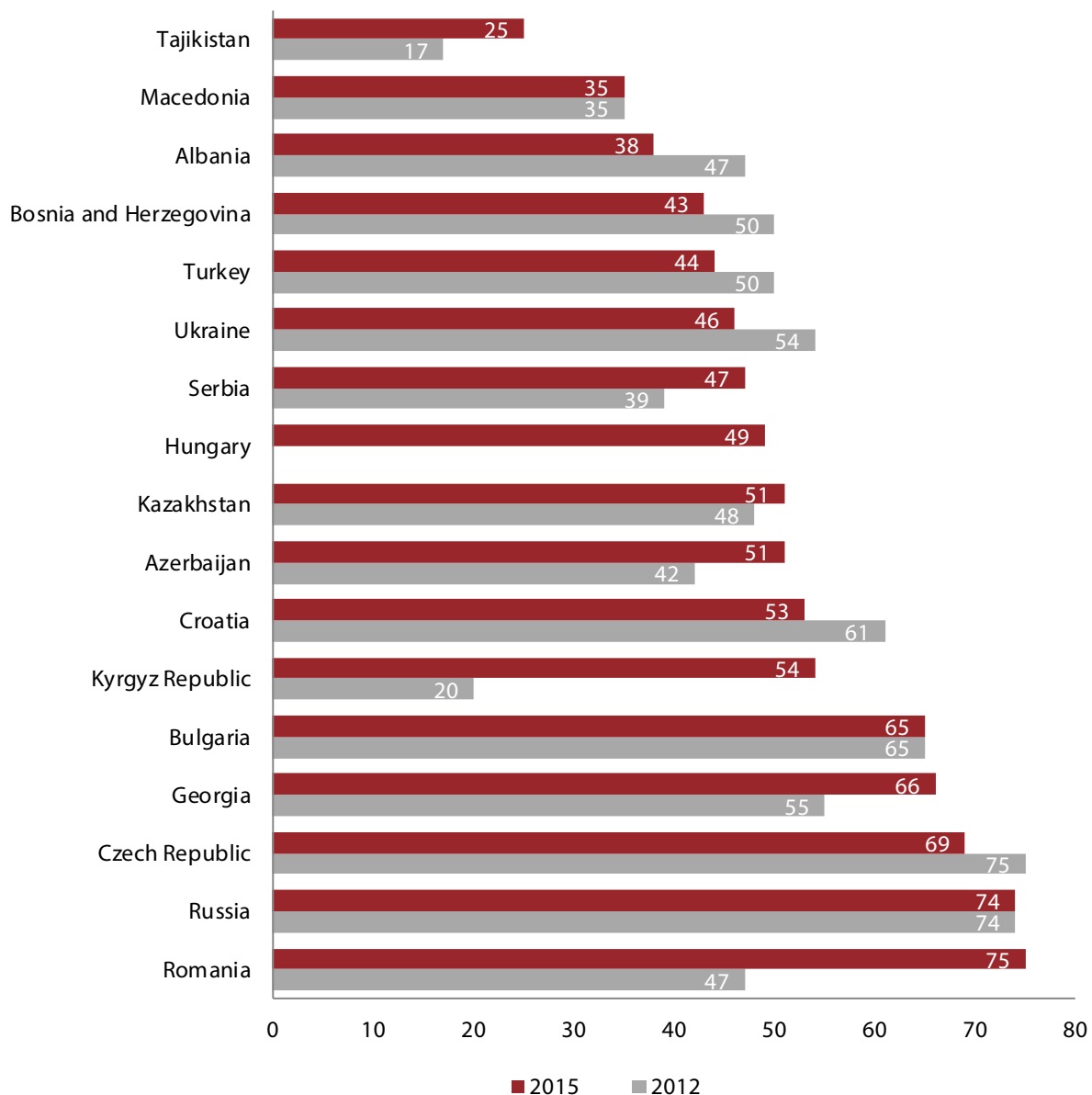
www.pempal.org/events/bcop-budget-literacy-workshop-oecd-sbo-meeting

www.pempal.org/events/study-visit-budget-literacy-and-transparency

¹ Fifteen out of the 21 BCOP member countries participate in the group: Albania, Bosnia and Herzegovina, Armenia, Belarus, Croatia, Kazakhstan, Kosovo, Kyrgyz Republic, Moldova, Romania, Russian Federation, Tajikistan, Turkey, Ukraine and Uzbekistan.

Benchmarking has been undertaken using formal instruments such as the Open Budget Index, and informal instruments such as pre-meeting surveys.

OPEN BUDGET INDEX 2012 AND 2015 - PEMPAL MEMBERS



Source: Compiled by PEMPAL from Open Budget Surveys prepared by the International Budget Partnership (IBP) and discussed by the BCOP Working Group on Budget Literacy and Transparency at a workshop held in Minsk, Belarus with the IBP on 23 February 2016

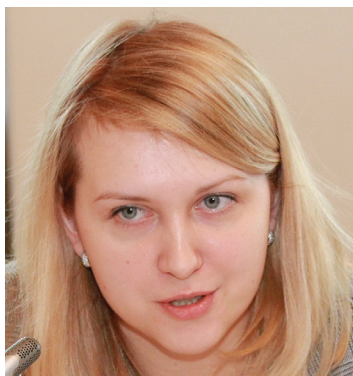
www.pempal.org/events/plenary-meeting-budget-community-and-meeting-budget-literacy-and-transparency-working-group

A knowledge product to assist countries to develop citizens' budgets has been developed which draws on international advice and peer experiences.

Citizens' Budgets became the focus of the group.

A knowledge product was developed where countries identified challenges to producing citizens' budgets and documented options to address them based on peer and international advice including input by the IBP on good practices identified in its 2015 open budget survey.

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